

APPENDIX C.

A STAMP FRAUD CASE.

On the evening of 1st June 1925 when the Treasury was about to be closed, the figures of the balance from the Treasury branch and the Accounts branch were as usual checked and compared and it was noticed that a deficit of Rs. 100 had occurred in the general balance for that day. The treasury was closed that day after the treasurer had recouped the deficit amount. With a view to find out the cause of this deficit the papers of all the clerks were examined. In the meanwhile the Stamp clerk had left the office and therefore his papers could not be examined. On the 2nd June 1925 the Treasurer informed the Treasury Officer that the stamp clerk suspected the possibility of an excess payment of Rs. 100 to Belgaum General Post Office and that he would set the matter right. But the stamp clerk did not attend office though sent for several times. In the meanwhile indents, challans and entries in respect of transactions of stamps on the previous day were examined and it was found out that a wrong entry showing a shortage of Rs. 700 had been effected in the stamp challan.

Subsequent investigation by the Assistant Accounts Officer showed that the defalcation of Rs. 800 was not an isolated instance but the last of a series of defalcations which had begun in November 1921 amounted on the whole to about Rs. 55,000.

The methods followed by the stamp clerk in committing the fraud are given below :—

(1) By showing a less value of stamps as carried over from the old register to the new.

(2) When stamps were issued from double lock to the single lock by showing a lesser figure as received in the single lock register while a large figure was shown as issued from the double lock.

(3) By showing fictitious issues to sub-treasuries in the single lock register. This was done by interpolations carried out after the usual daily check had been carried out by the Treasury Officer and the Register had been signed. It was noticed afterwards that he purposely used to leave out some space for this purpose and then write the words T.O. where the Treasury Officer used to sign.

(4) By crediting a lesser amount to Government when stamps of greater value were sold out from the single lock. This was possible because of the wrong practice of allowing him to write out challans himself.

(5) Lastly by showing the same figure in his single lock register and the challan when that figure did not represent the total actual sales during the day. This was found out when the actual amounts credited were compared with the indents sent by the Posts and Telegraphs offices. This was possible because the Post and Telegraph Officers did not maintain office copies of their indents and therefore could not check the figures. The defalcations were the result of failure to apply the following checks enjoined by the rules :—

1. Standing Order No. 47 to the Stamp Manual requires that value of stamps in single lock should not exceed one week's supply. But it exceeded in this case.

2. The single lock balance was not verified fortnightly.

3. When issues were made from double lock to single lock, entries in both the registers were not compared and verified both in quantities and values.

4. The account of daily sales was not inspected and the correctness of the calculations shown in the single lock register was not checked as required by rule 18.

5. The stock was not checked with the monthly *plus* and *minus* memo. and the closing balances.

6. Treasurer who was the ex-officio vendor had not taken proper care to supervise the work of the clerk.